

**MINUTES OF THE ALGONQUIN POLICE PENSION BOARD
KANE & McHENRY COUNTIES
WILLIAM J. GANEK MUNICIPAL CENTER
2200 HARNISH DRIVE, ALGONQUIN, IL**

TUESDAY, JANUARY 27, 2015

CALL TO ORDER:

President Helgerson called the meeting to order at 5:00 p.m.

ROLL CALL:

Present: President Stan Helgerson, Secretary Andrew Doles, Trustee Brian Smith and Trustee Art Weber. Trustee Dennis Walker was absent. Treasurer Michael Kumbera, Deputy Treasurer Susan Skillman was also present.

ADOPT AGENDA:

A motion was made by Doles and seconded by Weber to adopt the agenda. Voice vote: unanimous ayes - motion carried.

PUBLIC COMMENTS:

There were no public comments.

APPROVAL OF MINUTES:

The minutes of the Board meeting held October 29, 2014, were presented for approval. A motion was made by Weber and seconded by Doles to approve the minutes of the October 29, 2014 meeting. Voice vote: unanimous ayes - motion carried.

APPOINTMENTS:

President Helgerson introduced Brian Smith as a new Police Pension Board Trustee. President Helgerson indicated he currently serves as Assistant Finance Director in Wheeling. Mr. Smith's term will continue through 2016.

CONSULTANT REPORT:

Mary Tomanek, Graystone Consulting, then joined the meeting via telephone at 5:04 p.m. and provided the Fourth Quarterly Report. She stated it was a very good quarter with the portfolio finishing up the year just under 6 percent. Mutual fund holdings in the international sector were extremely volatile and did not outpace domestic markets as expected. Real estate was very strong and there continues to be a solid outlook for equities.

Tomanek indicated that the portfolio is pretty close to target in all areas, with 58 percent in equities and 42 percent in fixed income, and she is not recommending any changes in asset allocation.

Helgerson asked that with new money from the tax levy expected in July and August, should the Board expand the equities target. Tomanek responded yes. Helgerson stated that some of the new money would need to be reserved for cash flow purposes.

Tomanek stated that two portfolio managers left their firms abruptly, one for the Royce Total Return Fund and one for the First Eagle Global Fund. She stated that her firm is currently reviewing the fund's holdings in these areas. Tomanek continued to discuss global infrastructure investments. Stated that the Deutsche and Nuveen instruments are solid and that this would be a

lateral move that would not impact asset allocation. Tomanek also recommended shifting the Royce Total Return Fund holdings to the Vanguard Small Value Index Fund while Graystone performs a small cap manager search.

Doles asked when will the small cap manager search for the Royce Total Return Fund holdings be completed. Tomanek responded by the April meeting.

A motion was made by Doles and seconded by Weber to transfer the Royce Total Return Fund in its entirety to Vanguard Small Value Index Fund. Voice vote: unanimous ayes - motion carried.

A motion was made by Weber and seconded by Doles to transfer the First Eagle Global Fund in its entirety to Deutsche Global Infrastructure. Voice vote: unanimous ayes - motion carried.

Helgerson asked about the performance of Segall Bryant. Tomanek responded that the benchmark includes corporate bonds which are not indicative of the manager's strategy. Helgerson responded that he would like to see a new reporting visual in the future.

Helgerson discussed that Graystone performs on-site training for plan participants and spouses regarding the plan and personal investing. Helgerson asked the Board to determine if there would be any interest for this service. The call ended at 5:33 p.m. A motion was made by Doles and seconded by Weber to accept the financial advisors report and activity through December 31, 2014. Voice vote: unanimous ayes - motion carried.

VILLAGE TREASURER'S REPORT:

The Monthly Financial Report prepared by Lauterbach & Amen, LLP was presented to the Board for review, through December 31, 2014. The balance sheet of net assets totaled \$ 21,324,705.99; with a cash position of \$ 544,740.37. A motion was made by Smith and seconded by Doles to accept the Village Treasurer's report. Voice vote: unanimous ayes - motion carried.

APPROVAL OF BILLS FOR PAYMENT:

The check register, and wire transfers from October, November, and December were also presented to the Board for review. A motion was made by Doles and seconded by Weber to approve the payment of bills, check register, and wire transfers through December 31, 2014. Voice vote: unanimous ayes - motion carried.

REQUEST FOR BENEFITS:

None at this time.

CLOSED SESSION:

None at this time.

NEW BUSINESS:

The draft Fiscal Year 2015/2016 budget was presented to the board. Helgerson indicated that staff projected three retirements in the budget as presented. Kumbera stated that the employer contributions are consistent with the most recent actuarial study and reflect the Village's approved tax levy. A motion was made by Weber and seconded by Doles to accept the proposed budget as presented. Voice vote: unanimous ayes - motion carried.

Helgerson informed the Board that there was a need to fill the vacant Vice President post. A motion was made by Doles and seconded by Weber to appoint Brian Smith as Vice President. Voice vote: unanimous ayes - motion carried.

Helgerson acknowledged that the Board has received a QILDRO for Nicholas Corso. The QILDRO has been reviewed by the Board attorney and is in proper form.

Helgerson stated that the Municipal Compliance Report and the Illinois Department of Insurance Report is required to be prepared annually has been received and reviewed. In the future, the Board should expect to receive and review this document at their October meeting.

Helgerson reminded the Board to remain alert for their Economic Interest Statements being sent from McHenry County.

Helgerson stated that there are 3 new officers that were hired as of January 2, 2015: Amanda Olsta, John Palmer, and Steven Skrodski. The Board is required to formally accept new members. Helgerson indicated that Olsta currently has prior service and an application on file, while Palmer and Skrodski will submit their formal applications upon their return from their academy training. Smith asked if Olsta was a Tier I or Tier II employee. Skillman responded that Olsta is a Tier I employee. A motion was made by Doles and seconded by Weber to accept Amanda Olsta, John Palmer, and Steven Skrodski, effective January 2, 2015, subject to formal applications being submitted. Voice vote: unanimous ayes - motion carried.

Helgerson reported that there is a renewal policy with Mesirow Financial for liability insurance for the Board. Kumbera stated that the cost of the premium was \$3,626. A motion was made by Doles and seconded by Weber to approve the renewal policy with Mesirow Financial. Voice vote: unanimous ayes - motion carried.

Helgerson ask the Board for a motion to table the Algonquin Police Pension Rules and Forms Update item in order to have the Board's attorney attend the April meeting to discuss. A motion was made by Doles and seconded by Weber to continue the item to the April meeting. Voice vote: unanimous ayes - motion carried.

OLD BUSINESS:

None at this time.

TRAINING:

Helgerson checked on the status of all Trustee's and their training. Helgerson stated he went to a one-day training in Hoffman Estates. Helgerson asked Brian Smith if he is doing the 32-hour training online or in person. Smith indicated he would do so in person.

NEXT QUARTERLY MEETING:

The next Police Pension Board meeting is set for April 29, 2015 at 5:00 p.m.

ADJOURNMENT:

There being no further business, it was moved by Smith and seconded by Weber to adjourn. Voice vote: unanimous ayes – motion carried.

The meeting adjourned at 6:00 p.m.

Respectfully submitted,

Andrew Doles, Secretary
Algonquin Police Pension Fund

*Minutes prepared by Michael Kumbera, Village Treasurer.
Approved by the Board of Trustees at its meeting held on April 29, 2015.*